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TAGS: ECON ETRD SENV PREL ENRG GM

SUBJECT: CHANCELLERY AND MFA OFFICIALS PREVIEW MARCH 8-9 EU COUNCIL

REF: BERLIN 447

Classified By: Economic Counselor Douglas B. Neumann for reasons 1.4 (b) and (d).

¶1. (SBU) Summary: German officials remain optimistic about the prospects for a successful March 8-9 EU Council summit, despite media reports about failure to achieve consensus on binding targets for renewable energies. In accordance with Chancellor Merkel's desire to focus on specific goals and concrete proposals, the EU Council will focus primarily on energy and climate change, as well as economic issues. German officials are pleased they have reached consensus on major climate/energy principles, including greenhouse gas emissions and biofuels usage. Merkel plans to use the leaders' dinner on March 8 to continue work toward the Berlin Declaration on the 50th anniversary of the Treaty of Rome and to highlight the importance she places on transatlantic relations and her new Transatlantic Economic Partnership proposal. End Summary.

¶2. (SBU) In a press briefing held March 6 under Chatham House rules, Chancellor Merkel's European Policy Advisor Uwe Corsepius noted the German presidency had decided to focus the Council meeting on energy, climate issues, and progress toward economic reform under the Lisbon Strategy. Corsepius said the presidency preferred to issue a short set of conclusions focused on issues actually discussed by the leaders. He acknowledged German planning does not follow the model for a "normal" EU Council summit; Germany wants to focus on policies that people care about -- e.g., climate change, energy, and employment. Corsepius said Germany hopes to achieve solid results upfront to provide momentum for the second half of its presidency, when it plans to tackle the EU constitution.

¶3. (C) Echoing Corsepius, MFA EU desk officer Erik Weststrate said the Chancellery and MFA are pleased with preparations for the upcoming European Council meeting. He said Chancellor Merkel wants the Council to focus on a few issues with specific goals and concrete proposals/targets to achieve these objectives. He stated Merkel had wanted to exclude issues which the Council could not effectively address and others that were simply added to please a particular political constituency. The MFA feels it has succeeded on both fronts with a lean document of about 20 pages (in comparison with the usual 30-plus pages) that focuses on the Lisbon Strategy, trade, and energy/climate change. In each area, there will be particular targets/proposals outlined to achieve the stated objectives.

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Energy/Climate  
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¶4. (SBU) Corsepius noted the EU has reached agreement on

major principles, including reducing greenhouse gas emissions and targets for biofuels usage in automobiles. He acknowledged work remains to be done on binding targets for renewable energies. Corsepius suggested Europe needs to be the leader in pushing for a post-Kyoto agreement on climate change. Germany sees climate change and energy as two areas that, if done right, could boost economic growth and employment in Europe. To that end, Corsepius said, the EU needs to invest heavily in R&D, raise industrial standards, and reorient industry. He said the European population is too small to tackle climate change alone, but EU members can make an important contribution by being technological leaders. Referring to the "controversial" nature of statistical data on unbundling, Corsepius said further discussion is needed to resolve differences between EU member states.

¶15. (SBU) On the failure to reach consensus in the GAERC on a binding target of 20 percent for usage of renewable energy by 2020, Corsepius said he did not have high expectations for significant progress at the EU Council summit. He noted the split between member states was not 25-2, but actually closer to 15-10 or even 14-11. He acknowledged Germany's proposed goals are ambitious and noted EU member states had reached consensus on going further on emission reductions if the EU could convince non-EU countries to go along with a new framework agreement on climate change. Chancellery spokesman Ulrich Wilhelm added Chancellor Merkel views the EU Council summit as a platform for laying the groundwork for discussion of climate change at the G-8 Summit and formulating a strategy to reach out to non-EU countries on a post-Kyoto framework.

¶16. (C) Weststrate confirmed Germany was not able to achieve consensus on a binding target for renewable energies by 2020. Given the sensitive nature of this goal, the matter was left for the leaders to discuss directly. Weststrate thought a possible compromise might be similar to the one Merkel suggested for car fuel efficiency, where the EU would achieve 20 percent usage of renewables on average by 2020 with the understanding that some countries would do more and some less. Weststrate confirmed member states had reached consensus on funding R&D programs designed to increase energy efficiency.

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Berlin Declaration  
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¶17. (SBU) Corsepius indicated the Presidency will not attempt to reach agreement on a text for the Berlin Declaration at the EU Council meeting. He said the Presidency would not present a text to EU leaders. Rather, over dinner March 8 Chancellor Merkel will present the main themes that emerged in consultation with EU members and a proposal for moving forward. Commission President Jose Manuel Barroso and EU Parliament President Hans-Gert Poettering have both been invited to participate in the ensuing discussion. Corsepius said there are few major points of contention, but added the Presidency would take into account certain EU member states' sensitivities and would work to resolve them through another round of discussions between member state "sherpas." Corsepius said Germany hopes to avoid traditional "Brussels slang" in the Berlin Declaration and would prefer to identify common values and strategies to address future challenges. Corsepius said Germany is not looking to reach agreement on constitutional text, but rather seeks a mandate to move forward with work on a constitution.

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Transatlantic Economic Partnership  
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¶18. (C) Corsepius noted Merkel would use the March 8 dinner to hold an in-depth discussion on the transatlantic relationship, with a view to preparing for the April 30 U.S.-EU Summit. He said Germany has been in close contact with the United States hoping to achieve solid results at the

U.S.-EU Summit. (NOTE: NSC's David McCormick, Merkel's Economic Advisor Jens Weidmann, and the Commission representative Jose Antonio Cabral will meet March 13 in Washington to discuss possible Summit deliverables on the transatlantic economic relationship. END NOTE.) He suggested EU leaders' dinner discussion would not focus on intricate details, but on developing general directives for a common vision. According to Weststrate, Merkel intentionally decided to use the dinner to highlight transatlantic relations and her new Transatlantic Economic Partnership proposal. By talking about this at dinner, Merkel would be able to have a focused discussion in preparation for the upcoming U.S.-EU Summit and to demonstrate the importance she places on the issue. The press conference after the dinner would enable Merkel to highlight the issue for the media and ensure it does not get lost among the other Council topics.

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Foreign Policy Issues  
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¶19. (SBU) According to National Security Advisor Christoph Heusgen, who also participated in the March 6 press briefing, EU foreign ministers will discuss key foreign policy issues in separate meetings. Over a parallel dinner, FMs will focus on Iraq, Lebanon, and Somalia. However, these topics will not be part of the Council's package of conclusions. In response to a question, Heusgen indicated discussion of Missile Defense is not on the agenda. He said this is a matter of security policy and such issues receive priority within the NATO context.

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Lisbon Strategy  
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¶110. (C) Corsepius noted a Friday working session would be used to review progress on the Lisbon strategy and for discussion and adoption of conclusions. On the Lisbon Strategy, Weststrate said, Merkel's focus will be on reducing EU bureaucracy and bureaucracies of member states with the expectation that such reductions will spur growth by freeing up resources and make Europe more competitive.

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